

## **BUDGET CALENDAR**

Below is the tentative calendar for the FY11-12 budget cycle:

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|-------------------|---|
| March 18          | Discussion on Budget Preparation at Department Head Meeting (O2)  |
| March 21          | Deadline for Internal Service Providers to submit their budget to the Budget Office   |
| March 22          | Distribution of Budget instructions, forms and reports to the departments.  |
| March 24          | Budget Kickoff Briefing   |
| March 25          | CIP and ITP review by O2 Team   |
| April 8           | For Executive Departments, complete budget submittal due to Administrative Services Division, hardcopy sent to 214 N. Hogan Street, 7th floor and electronic copy sent to ASDFinance@coj.net. |
| April 18          | Deadline for inputting revenue projections, initial Department requests and submitting all required forms to the Budget Office  |
| April 20 – May 18 | Review of Public Service Grant Applications by Public Services Grant Council  |
| April 22          | Deadline for entering grant requests into GIFTS system  |
| May 1             | Deadline for submitting tentative proposed Budget to Council  |

**NOTE: MAY 17<sup>TH</sup> RUN-OFF ELECTION MAY CHANGE SOME ITEMS SCHEDULED BELOW**

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|--------------------|--|
| <b>May 10 – 31</b> | <b>Departmental/Constitutional Budget Review with Budget Office (See Appendix “B”)</b> |
| May 16 – June 2    | Distribution of revised reports to departments   |
| June 3             | Budget Review by O2 Team   |
| June 10            | Budget Office transmits any final revisions to Departments and Constitutional Officers |
| June 17            | MBRC reviews any open items and finalizes Budget Recommendations (as needed)           |
| July 12            | Presentation of Mayor's Budget to Council  |

Your cooperation and adherence to the deadlines for submitting revenue projections and all expenditure requests is greatly appreciated.

GENERAL FUND - GSD  
REVENUE AND EXPENDITURE PROJECTIONS  
FY 2011- 2016  
(\$ in millions)

3/11/2011

(Assumes fee changes and collective bargaining savings)

	FY2010 Budget	FY2011 Budget	FY2011 Projection	FY2012 Projection	FY2013 Projection	FY2014 Projection	FY2015 Projection	FY2016 Projection
<b>REVENUES</b>								
Property Taxes - Net	470,085,407	485,533,272	484,240,051	458,909,098	449,433,948	461,595,187	478,337,501	499,252,603
Utility Service Taxes	129,456,900	133,171,627	131,635,146	132,918,954	134,423,446	135,141,034	136,106,525	137,085,862
Other Taxes	1,131,466	1,138,500	1,146,158	1,157,558	1,169,072	1,180,701	1,192,447	1,204,309
Franchise Fees	39,444,236	43,924,385	44,038,918	45,197,157	46,496,239	47,045,489	47,544,554	48,056,837
Licenses and Permits	8,067,732	7,775,780	7,725,000	7,802,250	7,880,273	7,959,075	8,118,257	8,280,622
JEA Contributions	99,187,538	101,687,538	101,687,538	104,187,538	106,687,538	109,187,538	111,687,538	114,187,538
Half-cent Sales Tax	74,818,660	72,728,053	70,750,000	73,226,250	76,155,300	79,201,512	81,577,557	84,024,884
City Revenue Sharing	22,736,482	21,037,921	21,291,710	21,655,651	22,180,369	22,719,582	23,273,711	23,811,060
County Revenue Sharing	24,729,621	23,245,573	22,689,256	23,050,389	23,595,932	24,162,652	24,751,550	25,356,619
Other Revenue Sharing	7,337,215	7,276,535	7,325,352	7,326,334	7,382,046	7,417,129	7,480,038	7,543,570
Ambulance Fees	14,881,269	15,850,629	17,045,500	17,386,410	17,734,138	18,088,821	18,450,597	18,819,609
Other Charges for Services	45,915,388	43,391,313	43,019,438	40,977,941	41,656,762	41,989,583	42,700,123	43,048,159
Fines and Forfeits	4,150,663	3,329,800	3,274,749	3,263,845	3,266,885	3,282,752	3,298,698	3,314,724
Interest Income	9,727,038	7,883,212	7,200,000	7,236,000	7,272,180	7,500,000	7,537,500	7,575,188
Miscellaneous Revenue	16,438,525	16,289,031	16,164,196	16,210,969	16,543,448	16,869,705	17,092,023	17,271,000
Other Sources	13,392,273	6,102,689	6,102,689	5,762,028	5,364,600	5,364,600	5,364,600	5,364,600
<b>TOTAL REVENUES</b>	<b>981,500,413</b>	<b>990,365,838</b>	<b>985,335,702</b>	<b>966,268,172</b>	<b>967,242,178</b>	<b>988,705,341</b>	<b>1,014,513,220</b>	<b>1,044,197,184</b>
<b>EXPENDITURES</b>								
Advisory Boards	425,010	404,068	408,068	422,391	440,627	451,753	464,381	477,651
Central Operations	21,315,231	20,265,271	20,446,680	20,571,335	21,374,321	21,660,232	22,241,663	22,857,361
City Council	9,185,120	8,883,614	8,946,284	9,146,208	9,500,163	9,744,906	9,998,283	10,269,089
Courts	1,565,264	852,580	852,580	870,359	866,542	905,004	923,929	942,130
Environmental & Compliance	18,357,170	17,932,245	18,078,177	18,616,673	19,326,322	19,843,113	20,378,628	20,954,824
Finance	8,683,630	6,921,766	6,984,271	7,508,424	7,798,497	7,704,737	7,876,028	8,090,382
Fire & Rescue	164,252,518	163,801,008	165,256,317	168,641,060	190,857,125	207,518,988	223,584,992	242,360,794
General Counsel	326,841	308,651	309,453	315,878	323,308	330,897	338,749	346,879
Human Rights Commission	1,301,632	982,048	995,268	1,031,848	1,078,238	1,108,593	1,141,225	1,174,142
Jacksonville City-Wide Activities	19,492,921	39,313,567	29,834,771	31,669,685	30,540,904	30,716,514	30,968,530	31,106,637
Shands Contribution	23,775,594	23,775,594	23,775,594	23,775,594	23,775,594	23,775,594	23,775,594	23,775,594
Mayor's Office	2,079,000	2,948,609	2,976,345	3,079,244	3,196,010	3,282,508	3,366,589	3,458,204
Medical Examiner	3,128,100	2,839,653	2,866,912	2,969,313	3,099,214	3,132,066	3,219,025	3,309,980
Office of the Sheriff	355,660,019	350,387,721	353,600,099	364,520,561	397,908,635	411,984,719	427,315,910	444,514,114
Planning & Development	7,916,202	7,473,512	7,543,619	7,857,938	7,981,337	8,136,888	8,368,197	8,610,427
Public Defender	944,431	936,989	936,989	925,160	930,328	958,758	983,955	1,011,949
Public Health	732,899	769,049	769,049	779,354	790,010	799,402	809,051	818,779
Public Libraries	41,789,848	39,602,759	39,834,012	41,317,435	43,068,423	44,338,403	45,855,459	47,445,712
Public Works	79,638,300	79,769,323	80,089,184	86,669,462	92,912,308	95,349,905	97,909,487	100,598,088
Recreation & Community Services	50,921,555	49,765,389	49,915,457	51,393,882	52,853,705	54,023,364	55,320,357	56,669,768
State Attorney	431,322	188,343	188,343	193,566	198,724	204,029	209,485	214,339
Supervisor of Elections	8,556,799	9,493,916	9,519,538	8,542,316	7,445,195	6,723,280	9,256,317	8,443,296
Transfers to Other Funds								
Transfer to Children's Commission	21,058,173	20,673,779	20,713,722	21,127,996	21,550,556	21,981,567	22,421,199	22,869,623
Transfer to Journey	7,660,278	10,083,162	10,083,162	12,308,339	12,308,339	12,308,339	12,308,339	12,308,339
Transfer to PayGo	4,481,698	5,432,000	5,432,000	2,650,000	3,650,000	4,650,000	5,650,000	6,650,000
Transfer to Clerk of Court	1,013,119	819,954	841,423	883,494	901,164	919,187	937,571	956,322
Transfer to Property Appraiser	8,496,948	8,414,084	8,509,848	8,594,946	8,680,896	8,767,705	8,855,382	8,943,936
Transfer to Tax Collector	3,856,019	4,174,115	4,320,401	3,856,019	3,856,019	3,856,019	3,856,019	3,856,019
Transfer to Solid Waste	21,417,409	0	0	0	0	0	0	0
Transfer to Venues	7,836,182	9,801,442	9,801,442	9,997,471	10,197,420	10,401,369	10,609,396	10,821,584
Transfers to various funds	4,753,004	8,120,535	8,148,106	4,797,340	4,833,849	4,871,090	4,909,075	4,947,818
Total Transfers to Other Funds	80,572,828	67,519,071	67,850,104	69,339,775	71,102,414	72,879,446	74,671,150	76,477,812
Transfer to Debt Service Funds	80,448,179	95,233,092	95,233,092	109,890,519	119,142,070	122,202,553	122,366,674	124,384,271
<b>TOTAL EXPENDITURES</b>	<b>981,500,413</b>	<b>990,365,838</b>	<b>987,210,206</b>	<b>1,024,923,790</b>	<b>1,101,405,842</b>	<b>1,142,649,481</b>	<b>1,186,219,484</b>	<b>1,233,188,053</b>
<b>SURPLUS/DEFICIT</b>	<b>(0)</b>	<b>(0)</b>	<b>(1,874,504)</b>	<b>(58,655,618)</b>	<b>(134,163,666)</b>	<b>(153,944,140)</b>	<b>(171,706,264)</b>	<b>(188,990,869)</b>

## Assumptions for Five-Year Projection FY12 through FY16

### General Overview:

Economic activity is expected to increase gradually on a national level, with Florida expected to lag the rest of the nation due to the excess housing supply in the state, and a reduction in population growth stemming from in-migration from other states. Locally, conditions in Jacksonville are expected to improve sooner than in South and Central Florida, but the recovery is likely to be slower than in the nation as a whole. High household debt levels, combined with lower property values, will continue to mute the growth in consumer spending over the next few years. Foreclosures and short sales will continue to put downward pressure on real estate prices in the near term. While economic conditions are improved from a year ago, we still have significant headwinds facing us today.

### Revenues:

Property Taxes: In FY 2010, property values fell by 4.4% overall, inclusive of new construction. In FY 2011, property values in the county fell by 7% overall, inclusive of new construction. While we received the current state of the assessment roll from the Property Appraiser's Office recently, it has not been scrubbed and is not likely to be a reliable indicator of what we receive on either June 1 or July 1. At this time a year ago, these figures estimated a reduction of 3.27% in overall taxable value, very close to our internal projection of a reduction of 3.0% in overall taxable value. Obviously these projections turned out to be optimistic. For FY 2012, I am currently projecting a reduction of 5.3% in overall taxable value. This is based upon decreases in the commercial portion of the tax base while seeing some stabilization in the residential sector. Inflation, as measured by the CPI, was up 1.5% for 2010. This will result in an increase of 1.5% in taxable values for homesteaded properties that still have Save Our Homes savings compared to their assessed values. We anticipate existing property values to be down about 2% in FY 2013 with relatively low levels of new construction, with gradual improvement beginning with FY 2014. We are projecting more normal real estate market conditions for FY 2015 and FY2016, with a 4% increase in taxable values overall (including new construction) in each of these years. However, if these projections are accurate, the FY 2016 taxable values will still be \$2 billion, or 4%, less than the taxable values we saw in FY 2010.

The revenue projections assume that the Council will approve the millage rate of 10.0353 that was adopted for FY 2011 throughout the five-year projection horizon. Construction in all sectors is expected to be the weakest through FY 2013 before beginning marginal increases during the remaining part of the forecast period. This means we will see less new taxable value being added by new construction in both fiscal year 2012 and 2013 (\$600 million) compared to a relatively modest contribution in fiscal year 2011 (\$800 million). This is a sizeable decline from the \$1.44 billion added by new construction for FY 2010. With these and other assumptions, the rolled-back rate for FY 2012 would be 10.7418 mills. Of course, all of these projections are subject to numerous assumptions, but we still believe the general trend suggests that we should see stabilization around FY 2013 and then see some slow improvement over time.

**Utility Service Taxes:** With the slower expected growth in the customer base, JEA's utility service tax revenues from electricity that are likely to be relatively flat over the next several fiscal years. On the water and sewer side, increases in rates over the next two years, combined with more aggressive conservation efforts, will also keep this revenue stream growing at a 7% to 8% rate for FY12 and FY13 and then will be relatively flat as well. The other component of this category is Communication Services Tax. We have seen a declining trend in this revenue source over the past few years. With more people relying on cell phones and computers to communicate rather than landlines, we anticipate declining revenue in FY12 and FY13 followed by flat revenues for FY14 through FY16.

**Franchise Fees:** Similar to the utility service tax revenues, we expect minimal growth throughout the projection period on the electric side and 7% to 8% growth on the water side in FY12 and FY13 followed by a similar flat growth rate for the three remaining years of the forecast.

**JEA Contribution:** We anticipate the contribution will grow at \$2.5 million per year throughout the next five years. This is the base growth amount in our current agreement with JEA.

**Half-Cent Sales Tax:** Growth in sales tax revenues will be muted during this period, up slightly in FY12 from the budgeted amount in FY11 and then growing by 3% to 4% for fiscal years 2013 through 2016.

**City and County Revenue Sharing:** These revenues are expected to be essentially flat before growing between 2% to 2.5% per year during the last four years of the projection period, slightly less than the trajectory for the half-cent sales tax revenues.

**Interest Earnings on the Emergency Reserve Fund:** The forecast anticipates that the interest earnings will not be utilized to help bolster General Fund revenues throughout the projection period.

**Surplus from Self-Insurance Fund:** Any surplus generated during the five-year forecast period is expected to be deposited into General Fund revenues during the fiscal year the surplus was declared. Thus, no surplus is anticipated to help bolster budgeted revenues in this forecast.

## **Expenditures:**

**Salaries:** The current assumption is for salaries to remain flat (except for step increases) between FY11 and FY12, with a 2% pay increase scheduled for September 30, 2012 that will affect FY2013. For FY 14 through FY 16, the expectation is that salaries will increase by 2% annually in addition to steps in the public safety departments.

**Office of the Sheriff:** The forecast reflects additional bailiffs for the courthouse and the end of providing school resource officers to the Duval County Public School District. There are no additional personnel of any kind anticipated to be added after FY 12. The "COPS" grant positions will be funded by the General Fund after the grant monies end (three year funding), beginning in the first half of FY 2013.

**Pension Costs:** The forecast assumes that the Police and Fire Pension employer contribution will hold steady at 49.6% through FY12, climbing to 70% by FY13 and holding at that rate through FY16. We are projecting the GE contribution rate to increase to 17.2% in FY12 and increase to 20.8% for FY13 and hold at that rate for the following three years. The Corrections contribution rate is expected to increase from 31.8% currently to 35.5% in FY12 and then to 38.5% for FY 13 and then remain at that level for the following three years.

**Fire Department:** The forecast assumes that the improvements scheduled in the Tridata Study for FY 2012 and beyond will again be delayed by one year. In addition, reductions made in FY10 and FY11 will be restored in later years.

**Health Insurance:** Health insurance premiums are expected to increase 10% per year throughout the next five years, roughly what the health insurance cost trend trajectory is currently. We anticipate that changes to the insurance program will be made to hold the increase to 10%, if needed.

**Internal Service Costs:** Fuel costs are based upon a retail street price for gasoline of \$3.50 per gallon for FY12, rising to \$3.75 per gallon in FY13 and \$.10 per gallon each for FY14 through FY16.

**Journey:** We anticipate funding Journey at the levels originally envisioned (\$12.3 million) when the program was started for the next five years. We do not anticipate receiving grant funding after FY11 ends.

**Shands Contribution:** The contribution to Shands is expected to be flat during the projection period.

**Public Buildings:** We anticipate growth of 2% annually through FY16. We have also factored in the operating costs of the new courthouse, with an opening anticipated for May, 2012.

**Public Service Grants** are held at their current level of \$5,452,216 throughout the five year period.

**Supervisor of Elections:** We have incorporated the varying costs associated with the election cycle into the five year forecast.

**Utilities:** Electric costs are scheduled to increase by 5% in FY12 and 2% annually thereafter. Water and sewer costs are projected to increase by 12% in FY12 and 10% in FY13 before advancing only 3% each in the remaining years of the forecast.